Creditreform Bank Rating
DZ Bank AG (Group)

Creditreform Rating

Rating Object	Rating Information	
DZ Bank AG (Group)	Long Term Issuer Rating / Outlook: **AA- / stable**	Short Term: **L1**
Creditreform ID: 6070000752	Stand Alone Rating: **A**	
	Type: Update / Unsolicited	

Rating Date:	**07 December 2023**	Rating of Bank Capital and Unsecured Debt Instruments:	
Monitoring until:	withdrawal of the rating	Preferred Senior Unsecured (PSU):	**AA-**
Rating Methodology:	CRA "Bank Ratings v.3.2" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.1" CRA "Environmental, Social and Governance Score for Banks v.1.0" CRA "Rating Criteria and Definitions v.1.3" CRA "Institutional Protection Scheme Banks v1.0"	Non-Preferred Senior Unsecured (NPS):	**A+**
		Tier 2 (T2):	**BBB+**
Rating History:	www.creditreform-rating.de	Additional Tier 1 (AT1):	**BBB**

Our rating of DZ Privatbank S.A. is reflected by our rating opinion of DZ Bank AG (Group) due to its group structure. Therefore we refer to our rating report of DZ Bank AG (Group) from 07 December 2023.

Rating Action

Creditreform Rating affirms DZ Bank AG's (Group) Long-Term Issuer Rating at AA- (Outlook: stable)

Creditreform Rating (CRA) affirms DZ Bank AG's (Group) Long-Term Issuer Rating at AA-. The rating outlook is stable.

CRA affirms DZ Bank AG's Preferred Senior Unsecured Debt at AA-, Non-Preferred Senior Unsecured Debt at A+, Tier 2 Capital at BBB+ and AT1 Capital at BBB.

CRA affirms the Long-Term Issuer Rating of the Group's subsidiary DZ Privatbank S.A. at AA-, which reflects DZ BANK AG (Group) Long-Term Issuer Rating, in line with our methodology.

Please find a complete list of rating actions regarding the bank and its affected subsidiaries at the end of this rating update.

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Key Rating Drivers

- Decline in profitability of DZ Bank and Volksbanken Raiffeisenbanken Genossenschaftliche FinanzGruppe (GFG) in 2022. From 2023 onwards, earnings will increase due to higher interest margins
- Continued excellent portfolio quality of the credit portfolio in the GFG
- Decline in regulatory capital ratios at DZ Bank, GFG capital ratios remain good
- The Institutional Support Assessment allows for additional notching; stability through the Cooperative FinanzGruppe and cross-guarantee system

Executive Summary

Quantitative:	Good
Earnings	Sufficient
Assets	Very Good
Capital	Satisfactory
Liquidity	Good
Qualitative:	Good

Creditreform Rating (CRA) affirms DZ Bank AG (Group) Long-Term Issuer Rating at AA-. The rating outlook is stable. The rating is confirmed despite lower earnings figures in 2022. This is due in particular to the positive outlook for profitability in the coming years. Due to its high market share in Germany, GFG will benefit in particular from a higher interest margin. We are positive about the continued high asset quality at GFG.

In the Institutional Support Assessment Creditreform Rating comes to the conclusion that in the case of DZ Bank's Long-Term Issuer Rating, there is a strong connection between Volksbanken Raiffeisenbanken Genossenschaftliche FinanzGruppe and DZ Bank. In the opinion of Creditreform Rating, a stand-alone rating of DZ Bank is thus not appropriate due to its affiliation with Volksbanken Raiffeisenbanken Genossenschaftliche FinanzGruppe. The rating is thus prepared on the basis of consolidated accounts of the institutional protection scheme, where possible.

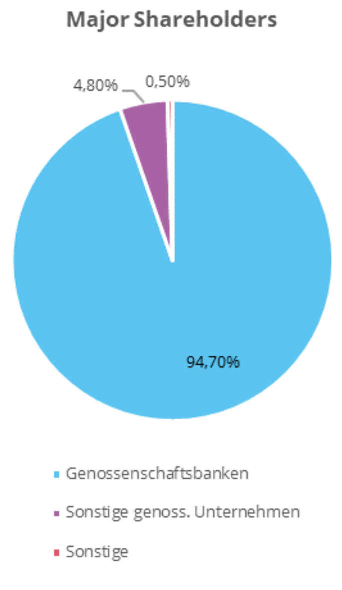
Company Overview

DZ Bank AG Deutsche Zentral-Genossenschaftsbank (hereinafter referred to as DZ Bank Group, DZ Bank or Bank) is part of the Volksbanken Raiffeisenbanken Genossenschaftliche FinanzGruppe (GFG), which comprises 770 Volksbanken and Raiffeisenbanken and is one of the largest private financial services organizations in Germany in terms of total assets of EUR 653.4bn (H1-23). Within the GFG, DZ Bank acts as the central institution and central bank, thus supporting the independent Genossenschaftsbanken. Furthermore, as a commercial bank, DZ Bank serves companies and institutions that require a direct, supra-regional banking partner. In addition, DZ Bank has a holding function for the other companies of the DZ Bank Group. The DZ Bank Group includes Bausparkasse Schwäbisch Hall, DZ HYP, DZ Privatbank, R+V Versicherung, TeamBank, Union Investment Group, VR Smart Finanz and various other specialist institutions.

Based on the four strategic business areas of *Retail Banking*, *Corporate Banking*, *Capital Markets* and *Transaction Banking*, the DZ Bank Group provides its strategy and range of services to its affiliated institutions and their customers. The aim of this orientation is to sustainably expand GFG's positioning as one of the leading banc assurance providers in Germany. In this context, the principles of subsidiarity, decentralization and regional brand responsibility form the basis of the cooperation between the Genossenschaftsbanken (cooperative banks) and the companies of the DZ Bank Group. DZ Bank is pursuing the Verbund First 4.0 strategy program, with the main pillars being the further development of its market presence, management and production processes, and corporate culture.

The structure of the shareholders of DZ Bank AG is currently as follows:

Chart 1: Major shareholders of DZ Bank | Source: Annual report 2022 DZ Bank



The institutional protection scheme set up within the GFG as a dual cooperative protection system consists of the BVR protection scheme (BVR-SE) and BVR Institutssicherung GmbH and forms the backbone of the GFG's risk management. The institutes are linked to each other in terms of liability via BVR-SE. The central tasks of BVR-SE are to ensure stability by averting imminent or remedying existing economic difficulties at the affiliated institutions and to prevent any impairment of confidence in the GFG. BVR-SE has access to the guarantee fund, which is funded by contributions from member banks, to deal with any support measures that may be required in this context. In addition, the institutions stand in for each other with additional funds (guarantee obligations) if required. BVR-SE has far-reaching rights of intervention and can impose personnel and material requirements. BVR Institutssicherung GmbH, on the other hand, is an officially recognized deposit guarantee scheme and since July 1, 2015 has operated an institution-specific guarantee scheme recognized by the supervisory authorities within the meaning of Article 113 (7) of Regulation (EU) 575/2013 for CRR credit institutions.

In the Institutional Support Assessment, Creditreform Rating examines the extent to which an existing cross-guarantee system or IPS can have an influence on DZ Bank's rating. As a result, Creditreform Rating comes to the conclusion that in the case of DZ Bank's Long-Term Issuer Rating, there is a strong connection between cooperative protection system and DZ Bank due to guaranteed obligations. This enables additional notching. In the opinion of Creditreform Rating, a stand-alone rating of DZ Bank is thus not appropriate due to its affiliation with the cooperative protection system. The rating is prepared on the basis of consolidated statements, where possible.

Business Development

Profitability

Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of key ratios. The presentation may therefore differ from that of the bank. Creditreform Rating pursues the goal of making financial statements of different banks as well as within the scope of consolidation as comparable as possible. Certain key ratios are also taken or calculated from the Bank's Pillar III Report for reasons of comparability. Balance sheet and income statement figures are taken from the consolidated financial statements of the respective years. One-off or exceptional items are, where possible, relegated to the line items non-recurring revenue and expense.

After the record profit achieved in 2021, the bank posted a significantly lower profit in fiscal year 2022. Net profit, which amounted to EUR 1.07bn, was thus slightly more than 50% below that of the previous year and also significantly below pre-Covid levels. This was mainly due to the uncertainty that prevailed on the financial markets worldwide and significantly increased volatility.

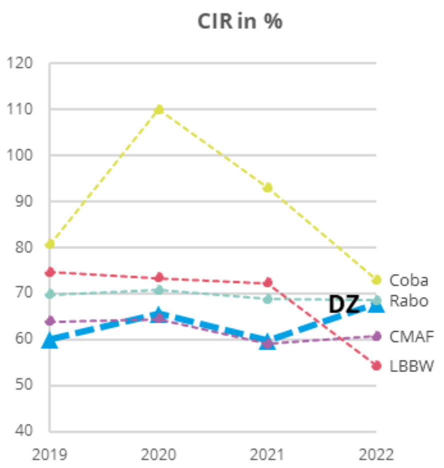
On the income side, net interest income showed a significant increase of 19.3% in fiscal year 2022, mainly due to the changed interest rate environment and the good year at Bausparkasse Schwäbisch Hall and the customer business. Net fee & commission income decreased slightly to EUR 2.75bn, a relative decrease of 6.3% compared to the previous year. This is due in particular to the decline in performance-related management fees in the Union Investment Group. The bank suffered the largest loss in Net Insurance Income, which recorded a loss of EUR 178mn after a profit of EUR 843mn in the previous year and was thus mainly responsible for the deteriorated overall result. This can be attributed primarily to the poorer result of R+V Insurance, which was caused by increased volatility in the financial markets. Accounting changes also played a role. Overall, the bank recorded an operating income of EUR 6.39bn, which corresponds to a relative loss of 11.7% yoy.

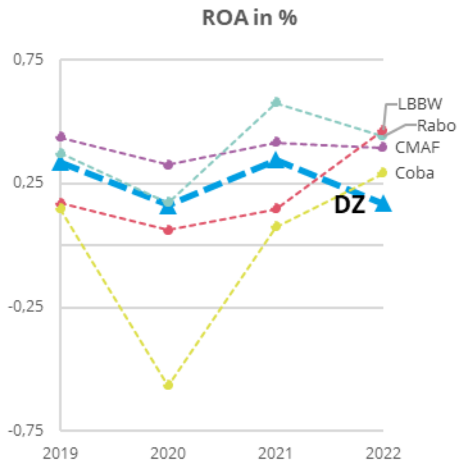
Expenses remained broadly stable (+0.1%), although both Personnel Expense and Tech & Communication Expense increased slightly. After a positive contribution of EUR 120mn in the previous year, cost of risk recorded a negative result of EUR 305mn. As mentioned above, the pre-tax result amounted to just under EUR 1.8bn, with slightly more than EUR 1bn remaining after taxes.

In terms of segments, DZ Bank (VuGB) contributed the largest share of the pre-tax result with EUR 0.9bn, as did Asset Management (UMH) with EUR 0.7bn. Insurance (R+V) posted a loss of EUR 268mn. The Group segments Teambank and DZ Hyp were unable to generate any significant growth in absolute terms. The home savings segment (BSH) achieved good growth, but at a low, absolute level.

The key earnings figures reflect the lower result. The cost-income ratio (CIR) in the Creditreform analysis rose to 67.9%, back above the 60% mark, while the return on equity fell by 2.94% yoy to 4.65%. In a peer group comparison, the bank performs averagely with regard to the cost-income ratio. The return on assets (ROA) of 0.17%, on the other hand, is significantly lower than that of the banks in the peer group, in which the other banks all achieved an ROA of over 0.25%.

Chart 2: CIR, ROA & ROE of DZ Bank in comparison to the peer group | Source: eValueRate / CRA





GFG's earnings position has developed in line with DZ Bank's earnings position. Net interest income also increased (+12.7%). The commission business remained almost constant. Net trading income almost tripled due to DZ Bank's good operating capital market business. Net income from financial investments of EUR -6.8 billion (previous year: EUR -152 million) led to a significantly lower consolidated net income of EUR 2.1 billion compared to EUR 7.5 billion in the previous year. This result is due to sales of securities during the year and valuation effects at the cooperative banks caused by the sharp rise in interest rates.

Based on the figures reported by DZ Bank for the first half of 2023, the situation looks significantly improved. Thus, not only a significantly improved result is expected in the area of net insurance income, but also the expectations for net interest income (ca +12%) increased significantly due to the changed interest rate environment. A slight increase in costs is expected (+7.%), but overall the result is expected to be more than twice as high as in 2022.

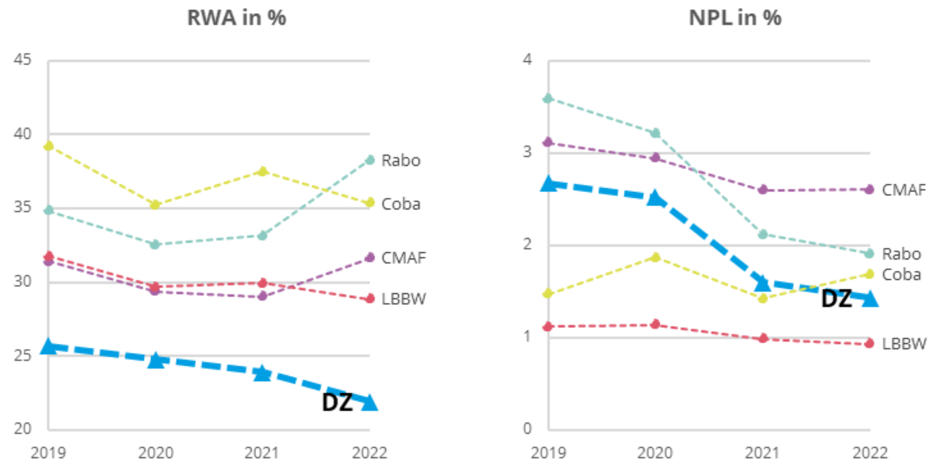
Asset Situation and Asset Quality

The bank's total assets remained almost unchanged in fiscal year 2022 (EUR 627bn). The largest absolute change was in net loans to banks, which increased by 12.5% yoy to EUR 139.7bn. Net loans to customers also increased, rising by 4.2% yoy to EUR 202.4bn. Cash and cash equivalents increased by 8.9% yoy to EUR 89bn. Total securities, as well as insurance assets decreased significantly. They decreased by 19.2% yoy to EUR 53bn and by 17.4% to EUR 110.3bn, respectively.

The self-reported NPL ratio decreased from 0.8% to just 0.7% in the 2022 financial year, meaning that asset quality remains excellent. If the segments central banks, sovereigns and credit institutions are excluded from the loan portfolio, the NPL ratio (table EU CR1 in the Disclosure Report, Stage 3) is 1.43%, which is still a very good level. The stage 2 ratio of potential problem loans increased significantly by more than 10 percentage points in 2022 and now amounts to 19.37%.

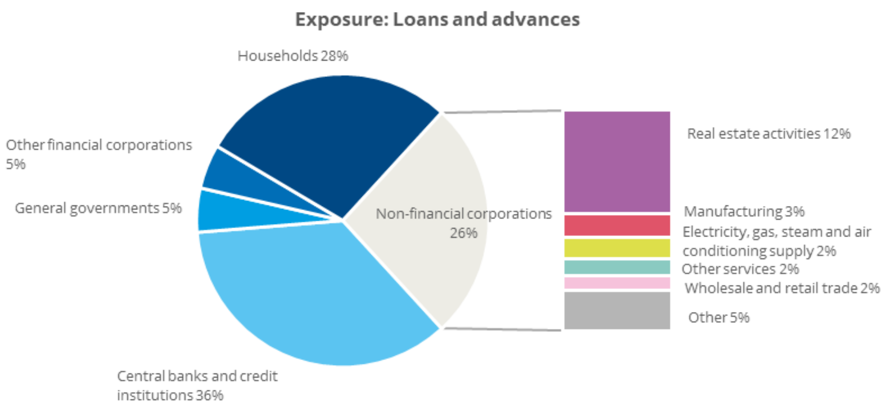
Risk-weighted assets (RWA) decreased significantly in the course of the financial year 2022. The reduction was almost exclusively attributable to the significant decrease in credit risk (excluding CCR). In a peer group comparison, the bank clearly outperforms its competitors; while it is by far the best performer in terms of the RWA ratio, it also scores well in terms of the NPL ratio, where it only trails LBBW in the comparison. This reflects the bank's outstanding asset quality.

Chart 3: RWA ratio and NPL ratio of DZ Bank in comparison to the peer group | Source: eValueRate / CRA / Pillar III



The chart below shows the breakdown of the bank's exposure to loans and advances. Central banks and credit institutions account for the largest part of the exposure with 36%, followed by households with 28% and non-financial corporations with 26%. It is also striking that real estate activities, which are part of the exposure to non-financial corporations, account for 12% of the total exposure.

Chart 5: Breakdown of the bank's exposure to loans and advances | Source: eValueRate / CRA



There were also no significant changes on the assets side of the GFG compared to the previous year. The volume of customer loans also increased slightly, as well as bank loans. The quality of assets remains very high in the GFG sector.

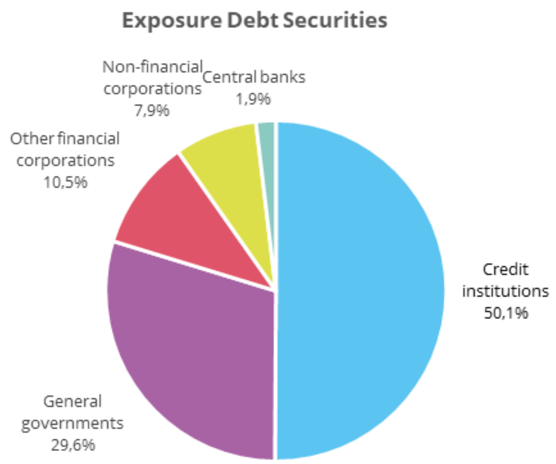
In the first half of 2023, the bank recorded a balance sheet growth of 4.2% to EUR 653bn. This increase was mainly due to a growth in the cash position, which increased by 20.95% from EUR 93.7bn to EUR 113.4bn compared to year-end 2022. Net loans to customers remained almost unchanged at an amount of EUR 205.4bn. Risk-weighted assets increased significantly and amounted to EUR 151bn as of the reporting date. As a result, the RWA ratio also increased slightly from 21.91% to 23.12%.

Refinancing, Capital Quality and Liquidity

On the liabilities side of the balance sheet, there were some changes during FY2022, with Total Deposits from Banks decreasing by 4.5% to EUR 191bn, while Total Deposits from Customers increased by 14.7% year-on-year to EUR 159bn. The decrease in Total Deposits from Banks is mainly related to a TLTRO-III repayment. This TLTRO-portfolio decreased from EUR 32.4bn to EUR 11bn. Insurance Liabilities decreased by 12.1% due to a decrease in provisions. Shareholders' equity decreased significantly by 19.5% from EUR 28.7bn in 2021 to EUR 23bn in 2022, mainly due to a decrease in the reserve from the net profit recognized directly in equity.

The chart below shows the breakdown of the Bank's debt securities exposure. At 50.1%, credit institutions account for more than half of the exposure. The other notable exposures are to General Governments with 29.6%, Other financial Corporations with 10.5%, as well as Non-financial corporations with 7.9%.

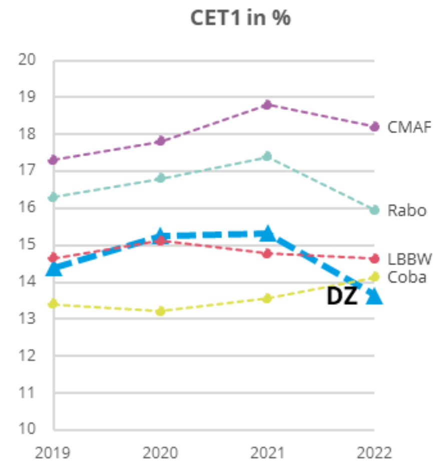
Chart 6: Exposure Debt Securities of DZ Bank. | Source: eValueRate / CRA / Pillar III



In terms of regulatory capital ratios, the bank recorded a sharp decline in the CET1 ratio from 15.33% in 2021 to 13.66% in 2022. However, according to the bank, this is due to temporary accounting effects at R+V Versicherung. As a result, the bank also expects a significant rebound following the introduction of IFRS 17 in the course of the fiscal year. The leverage ratio (LR) fell to 4.7% in 2022 and the net stable funding ratio (NSFR) and liquidity coverage ratio (LCR) also fell to 122.35% and 145.25% respectively in 2022.

In the following peer group comparison, we see DZ Bank's regulatory CET1 ratio compared to other banks. While the bank was always in the midfield of the peer group in the years before, it falls to the last place with the significant decline of its CET1 ratio explained above. The peer group is led by the French Crédit Mutuel Alliance Fédérale (CMAF). If the corrective effects following the introduction of IFRS 17 occur as expected, DZ Bank should once again be in the upper midfield of its peer group.

Chart 7: CET1 and Leverage ratios of DZ Bank in comparison to the peer group | Source: eValueRate / CRA / Pillar III



In particular, GFG's balance sheet and common equity is significantly higher than that of DZ Bank. Overall, the quality of capital at GFG is higher than at DZ Bank. DZ Bank's rating benefits in particular from the high capital quality of GFG's cross-guarantee system.

At the end of the first half of the year, DZ Bank recorded a slight decline in Deposits from Banks of 5.16%. Deposits from customers, on the other hand, increased by 3.07% to EUR 164.4bn. Equity increased significantly by 25.5% to EUR 29bn. While the LCR and NSFR continued to decline to 137.1% and 119.3%, respectively, the CET1 ratio increased again significantly to 15.64%, which is even higher than in 2021.

Due to DZ Bank's bank capital and debt structure, as well as its status as a G-SIB, the Group's Preferred Senior Unsecured Debt instruments are not notched down in comparison to the Long-Term Issuer Rating. Due to the seniority structure, DZ Bank's Non-Preferred Senior Unsecured debt is rated A+.DZ Bank's Tier 2 Capital is rated BBB+ based on the Bank's capital structure and seniority in accordance with our rating methodology. Additional Tier 1 Capital is rated BBB, reflecting the capital structure, seniority and a high bail-in risk in the event of resolution.

Environmental, Social and Governance (ESG) Score Card

DZ Bank has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive due to DZ Bank's strong and sustainable earning figures, the widespread ESG policies and its ambitious ESG targets.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated neutral due to relatively low amount of green bonds, Coporate Behaviour is rated positive.

ESG Bank Score
3,8 / 5

Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	( )
Environmental	1.2 Exposure to Environ-mental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
Environmental	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
Social	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	1	( )
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
Governance	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
Governance	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of DZ Bank is stable. In the medium term, CRA expects higher profitability with higher margins and a stable asset quality in the loan portfolio. The higher net annual profits will lead to better regulatory capital ratios. Due to the low RWA ratio and the low NPL ratio, we do not expect a weakening economy.

Scenario Analysis

Best-case scenario: AA

Worst-case scenario: A+

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of AA in the "Best-Case-Scenario" and a Long-Term Issuer Rating of A+ in the "Worst-Case-Scenario". The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade DZ Bank's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt due to stable growth in the loan portfolio with unchanged asset quality ratios. At the same time, the interest margin should remain constant, so that the net income generated will further increase equity.

By contrast, a downgrade of DZ Bank's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt due to a further weakening of the economy in Germany and the resulting higher write-offs on the loan portfolio.

Appendix

Bank ratings DZ Bank

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term **AA- / L1 / stable**

Bank Capital and Debt Instruments Ratings DZ Bank

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured (PSU): **AA-**
Non-Preferred Senior Unsecured (NPS): **A+**
Tier 2 (T2): **BBB+**
Additional Tier 1 (AT1): **BBB**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
Initialrating	17.05.2017	AA- / stabil / L1
Rating Update	01.02.2018	AA- / stabil / L1
Rating Update	25.09.2018	AA- / stabil / L1
Rating Update	09.12.2019	AA- / stabil / L1
Monitoring	24.03.2020	AA- / NEW / L1
Rating Update	26.11.2020	AA- / stabil / L1
Rating Update	29.11.2021	AA- / stabil / L1
Rating Update	07.12.2022	AA- / stabil / L1
Rating Update	07.12.2023	AA- / stabil / L1
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 / AT1 (Initial)	01.02.2018	AA- / BBB+ / BBB
Senior Unsecured / T2 / AT1	25.09.2018	AA- / BBB+ / BBB
PSU / NPS / T2 / AT1	09.12.2019	AA- / A+ / BBB+ / BBB
PSU / NPS / T2 / AT1	24.03.2020	AA- / A+ / BBB+ / BBB (NEW)
PSU / NPS / T2 / AT1	26.11.2020	AA- / A+ / BBB+ / BBB
PSU / NPS / T2 / AT1	29.11.2021	AA- / A+ / BBB+ / BBB
PSU / NPS / T2 / AT1	07.12.2022	AA- / A+ / BBB+ / BBB
PSU / NPS / T2 / AT1	07.12.2023	AA- / A+ / BBB+ / BBB
Subsidiaries of the Bank		

DZ Privatbank S.A.		
Initialrating	04.10.2021	AA- / stabil / L1 (UNW)
Rating Update	29.11.2021	AA- / stabil / L1
Rating Update	07.12.2022	AA- / stabil / L1
Rating Update	07.12.2023	AA- / stabil / L1
Bank Capital and Debt Instruments of DZ Privatbank S.A.		
PSU (Initial)	04.10.2021	AA-
PSU	29.11.2021	AA-
PSU	07.12.2022	AA-
PSU	07.12.2023	AA-

Tables Group (if applicable)

Figure 2: Income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2022	%	2021	2020	2019
Income					
Net Interest Income	3.322	+19,3	2.785	2.686	2.738
Net Fee & Commission Income	2.749	-6,3	2.935	2.121	1.975
Net Insurance Income	-178	< -100	843	347	1.189
Net Trading & Fair Value Income	469	-12,3	535	698	797
Equity Accounted Results	15	-86,2	109	85	-5
Dividends from Equity Instruments	-31	> +100	-5	6	116
Other Income	43	+16,2	37	77	147
Operating Income	**6.389**	**-11,7**	**7.239**	**6.020**	**6.957**
Expense					
Depreciation and Amortisation	292	-4,3	305	288	275
Personnel Expense	2.072	+2,5	2.021	1.910	1.878
Tech & Communications Expense	577	+4,5	552	523	486
Marketing and Promotion Expense	173	+4,8	165	143	161
Other Provisions	-157	+82,6	-86	-116	-
Other Expense	1.379	+0,2	1.376	1.204	1.382
Operating Expense	**4.336**	**+0,1**	**4.333**	**3.952**	**4.182**
Operating Profit & Impairment					
Operating Profit	**2.053**	**-29,4**	**2.906**	**2.068**	**2.775**
Cost of Risk / Impairment	305	< -100	-120	678	329
Net Income					
Non-Recurring Income	49	-30,0	70	55	213
Non-Recurring Expense	-	-	-	-	1
Pre-tax Profit	**1.797**	**-42,0**	**3.096**	**1.445**	**2.658**
Income Tax Expense	724	-21,3	920	472	778
Discontinued Operations	-	-	-	-	-
Net Profit	**1.073**	**-50,7**	**2.176**	**973**	**1.880**
Attributable to minority interest (non-controlling interest)	42	-76,7	180	108	180
Attributable to owners of the parent	1.031	-48,3	1.996	865	1.693

Figure 3: Key earnings figures| Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2022	%	2021	2020	2019
Cost Income Ratio (CIR)	67,87	+8,01	59,86	65,65	60,11
Cost Income Ratio ex. Trading (CIRex)	73,24	+8,61	64,63	74,26	67,89
Return on Assets (ROA)	0,17	-0,18	0,35	0,16	0,34
Return on Equity (ROE)	4,65	-2,94	7,59	3,34	6,76
Return on Assets before Taxes (ROAbT)	0,29	-0,21	0,49	0,24	0,48
Return on Equity before Taxes (ROEbT)	7,79	-3,01	10,80	4,96	9,56
Return on Risk-Weighted Assets (RORWA)	0,78	-0,67	1,45	0,66	1,31
Return on Risk-Weighted Assets before Taxes (RORWAbT)	1,31	-0,75	2,06	0,98	1,85
Net Financial Margin (NFM)	0,75	+0,07	0,68	0,73	0,81
Pre-Impairment Operating Profit / Assets	0,33	-0,14	0,46	0,35	0,50
Cost of Funds (COF)	0,55	+0,23	0,31	0,54	0,88
Customer Interest Spread (CIS)	1,29	+0,15	1,14	0,92	0,66
Basic EPS	-	-	-	-	-
Dividend Payout Ratio	33,36	+7,03	26,33	-	-
Dividends declared per ordinary Share	0,00	-0,20	0,20	0,16	-

Change in %- Points

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets| Source: eValueRate / CRA

Assets (EUR m)	2022	%	2021	2020	2019
Cash and Balances with Central Banks	93.717	+8,9	86.029	68.354	52.544
Net Loans to Banks	139.712	+12,5	124.210	110.194	105.774
Net Loans to Customers	202.429	+4,2	194.310	188.259	186.363
Total Securities	53.050	-19,2	65.696	72.583	70.949
Total Derivative Assets	18.869	+7,8	17.497	24.387	20.860
Other Financial Assets	-	-	-	-	-
Financial Assets	**507.777**	**+4,1**	**487.742**	**463.777**	**436.490**
Equity Accounted Investments	700	-4,0	729	738	824
Other Investments	-	-	-	235	238
Insurance Assets	110.338	-17,4	133.621	125.084	117.308
Non-current Assets & Discontinued Ops	19	-88,4	164	199	516
Tangible and Intangible Assets	2.623	+2,5	2.558	2.195	1.897
Tax Assets	3.428	> +100	1.141	899	1.018
Total Other Assets	2.156	+63,6	1.318	1.409	1.181
Total Assets	**627.041**	**-0,0**	**627.273**	**594.536**	**559.472**

Figure 5: Development of asset quality| Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2022	%	2021	2020	2019
Net Loans to Customers / Assets	32,28	+1,31	30,98	31,66	33,31
Risk-weighted Assets[1] / Assets	21,91	-2,03	23,93	24,77	0,00
NPL[2]/ Loans to Customers[3]	1,43	-0,17	1,60	2,52	2,67
NPL[2]/ Risk-weighted Assets[1]	1,99	+0,05	1,93	3,00	3,15
Potential Problem Loans[4]/ Loans to Customers[3]	19,37	+10,44	8,94	7,83	4,29
Reserves[5]/ NPL[2]	77,32	-5,03	82,35	84,15	84,41
Cost of Risk / Loans to Customers[3]	0,16	+0,23	-0,07	0,39	0,19
Cost of Risk / Risk-weighted Assets[1]	0,22	+0,30	-0,08	0,46	0,23
Cost of Risk / Total Assets	0,05	+0,07	-0,02	0,11	0,06

Change in %- Points
1 RWA: Pillar 3, EU CR1
2 NPL: Gross; Non- Performing Loans of the categories Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
3 Loans to Customers: Gross; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
4 Potential Problem Loans: Stage 2; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy| Source: eValueRate / CRA

Liabilities (EUR m)	2022	%	2021	2020	2019
Total Deposits from Banks	191.379	-4,5	200.496	184.930	150.288
Total Deposits from Customers	159.489	+14,7	139.072	134.126	131.655
Total Debt	107.039	+1,8	105.156	95.973	109.737
Derivative Liabilities	25.936	+50,5	17.230	23.097	20.444
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	1.017	-34,3	1.548	604	1.128
Total Financial Liabilities	**484.860**	**+4,6**	**463.502**	**438.730**	**413.252**
Insurance Liabilities	111.368	-12,1	126.659	118.685	111.126
Non-current Liabilities & Discontinued Ops	-	-	2	2	1
Tax Liabilities	1.063	-27,0	1.456	1.229	1.069
Provisions	3.248	-18,6	3.992	4.003	3.843
Total Other Liabilities	3.426	+14,2	3.001	2.771	2.385
Total Liabilities	**603.965**	**+0,9**	**598.612**	**565.420**	**531.676**
Total Equity	**23.076**	**-19,5**	**28.661**	**29.116**	**27.796**
Total Liabilities and Equity	**627.041**	**-0,0**	**627.273**	**594.536**	**559.472**

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2022	%	2021	2020	2019
Total Equity / Total Assets	3,68	-0,89	4,57	4,90	4,97
Leverage Ratio[1]	4,70	-2,60	7,30	5,70	5,05
Common Equity Tier 1 Ratio (CET1)[2]	13,66	-1,68	15,33	15,26	14,40
Tier 1 Ratio (CET1 + AT1)[2]	15,22	-1,55	16,77	17,03	16,38
Total Capital Ratio (CET1 + AT1 + T2)[2]	17,99	-0,48	18,47	19,47	17,87
CET1 Minimum Capital Requirements[1]	9,01	+0,00	9,00	8,99	9,03
Net Stable Funding Ratio (NSFR)[1]	122,35	-4,72	127,07	-	-
Liquidity Coverage Ratio (LCR)[1]	145,25	-9,94	155,19	141,10	148,34

Change in %-Points
1 Pillar 3 EU KM1
2 Regulatory Capital Ratios: Pillar 3 EU KM1

Tables Genossenschaftliche FinanzGruppe Volksbanken Raiffeisenbanken

Figure 8: Income statement of GFG | Source: eValueRate / CRA

Income Statement (EUR m)	2022	%	2021	2020	2019
Income					
Net Interest Income	20.546	+12,7	18.232	18.272	18.185
Net Fee & Commission Income	8.646	-0,3	8.675	7.439	7.092
Net Insurance Income	3.903	< -100	-4.125	-967	-4.571
Net Trading & Fair Value Income	-9.719	< -100	5.548	2.343	7.841
Equity Accounted Results	82	-66,5	245	159	212
Dividends from Equity Instruments	-	-	-	-	-
Other Income	1.619	+69,5	955	998	983
Operating Income	**25.077**	**-15,1**	**29.530**	**28.244**	**29.742**
Expense					
Depreciation and Amortisation	1.128	+0,3	1.125	1.101	1.066
Personnel Expense	10.456	+0,5	10.402	10.092	10.100
Tech & Communications Expense	-	-	-	-	-
Marketing and Promotion Expense	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Expense	8.287	+5,1	7.888	7.558	7.776
Operating Expense	**19.871**	**+2,3**	**19.415**	**18.751**	**18.942**
Operating Profit & Impairment					
Operating Profit	**5.206**	**-48,5**	**10.115**	**9.493**	**10.800**
Cost of Risk / Impairment	1.363	< -100	-337	2.327	832
Net Income					
Non-Recurring Income	49	-30,0	70	49	211
Non-Recurring Expense	-	-	-	-	-
Pre-tax Profit	**3.892**	**-63,0**	**10.522**	**7.215**	**10.179**
Income Tax Expense	1.790	-40,7	3.017	2.188	3.133
Discontinued Operations	-	-	-	-	-
Net Profit	**2.102**	**-72,0**	**7.505**	**5.027**	**7.046**
Attributable to minority interest (non-controlling interest)	69	-62,9	186	103	170
Attributable to owners of the parent	2.033	-72,2	7.319	4.924	6.876

Figure 9: Key earnings figures of GFG | Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2022	%	2021	2020	2019
Cost Income Ratio (CIR)	79,24	+13,49	65,75	66,39	63,69
Cost Income Ratio ex. Trading (CIRex)	57,11	-23,85	80,96	72,39	86,49
Return on Assets (ROA)	0,13	-0,35	0,48	0,34	0,51
Return on Equity (ROE)	1,65	-4,15	5,79	4,13	6,07
Return on Assets before Taxes (ROAbT)	0,25	-0,43	0,67	0,49	0,74
Return on Equity before Taxes (ROEbT)	3,05	-5,07	8,12	5,93	8,77
Return on Risk-Weighted Assets (RORWA)	0,27	-0,72	0,99	0,71	1,03
Return on Risk-Weighted Assets before Taxes (RORWAbT)	0,50	-0,89	1,39	1,02	1,49
Net Financial Margin (NFM)	0,76	-0,94	1,70	1,56	2,10
Pre-Impairment Operating Profit / Assets	0,33	-0,32	0,65	0,64	0,78

Change in %- Points

Figure 10: Development of assets of GFG | Source: eValueRate / CRA

Assets (EUR m)	2022	%	2021	2020	2019
Cash and Balances with Central Banks	117.964	-24,9	156.972	120.961	87.421
Net Loans to Banks	45.097	> +100	15.794	19.651	22.163
Net Loans to Customers	1.008.141	+5,8	953.152	889.056	846.988
Total Securities	243.477	-4,7	255.537	262.112	257.780
Total Derivative Assets	18.880	-4,1	19.695	29.443	25.232
Other Financial Assets	467	+24,9	374	309	323
Financial Assets	**1.434.026**	**+2,3**	**1.401.524**	**1.321.532**	**1.239.907**
Equity Accounted Investments	5.442	+6,7	5.098	4.424	4.173
Other Investments	293	+5,0	279	235	238
Insurance Assets	109.139	-17,5	132.265	123.985	116.313
Non-current Assets & Discontinued Ops	19	-88,4	164	199	517
Tangible and Intangible Assets	17.915	+9,4	16.370	15.271	13.736
Tax Assets	7.394	+67,0	4.427	4.268	3.972
Total Other Assets	6.876	+8,7	6.324	5.977	5.232
Total Assets	**1.581.104**	**+0,9**	**1.566.451**	**1.475.891**	**1.384.088**

Figure 11: Development of asset quality of GFG | Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2022	%	2021	2020	2019
Net Loans to Customers / Assets	63,76	+2,91	60,85	60,24	61,19
Risk-weighted Assets[1] / Assets	49,07	+0,69	48,37	47,89	49,52
NPL[2]/ Loans to Customers[3]	1,20	-0,10	1,30	1,50	1,40
NPL[2]/ Risk-weighted Assets[1]	1,56	-0,08	1,64	1,89	1,73
Potential Problem Loans[4]/ Loans to Customers[3]	-	-	-	-	-
Reserves[5]/ NPL[2]	-	-	-	-	-
Cost of Risk / Loans to Customers[3]	-	-	-	-	-
Cost of Risk / Risk-weighted Assets[1]	0,18	+0,22	-0,04	0,33	0,12
Cost of Risk / Total Assets	0,09	+0,11	-0,02	0,16	0,06

Change in %- Points

1 RWA: Pillar 3, EU CR1

2 NPL: Gross; Non- Performing Loans of the categories Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

3 Loans to Customers: Gross; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

4 Potential Problem Loans: Stage 2; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 12: Development of refinancing and capital adequacy of GFG | Source: eValueRate / CRA

Liabilities (EUR m)	2022	%	2021	2020	2019
Total Deposits from Banks	166.002	-14,3	193.809	160.924	119.955
Total Deposits from Customers	1.033.965	+4,9	985.730	941.666	887.264
Total Debt	97.292	+7,5	90.521	85.030	105.562
Derivative Liabilities	26.022	+33,2	19.534	28.156	24.595
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	1.065	-33,2	1.594	643	1.174
Total Financial Liabilities	**1.324.346**	**+2,6**	**1.291.188**	**1.216.419**	**1.138.550**
Insurance Liabilities	111.263	-12,1	126.560	118.601	111.126
Non-current Liabilities & Discontinued Ops	0	-100,0	2	2	1
Tax Liabilities	1.625	-15,6	1.926	1.781	1.511
Provisions	11.027	-16,1	13.144	13.574	13.304
Total Other Liabilities	5.275	+29,0	4.088	3.767	3.583
Total Liabilities	**1.453.536**	**+1,2**	**1.436.908**	**1.354.144**	**1.268.075**
Total Equity	**127.568**	**-1,5**	**129.543**	**121.747**	**116.013**
Total Liabilities and Equity	**1.581.104**	**+0,9**	**1.566.451**	**1.475.891**	**1.384.088**

Figure 13: Development of capital and liquidity ratios of GFG | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2022	%	2021	2020	2019
Total Equity / Total Assets	8,07	-0,20	8,27	8,25	8,38
Leverage Ratio[1]	7,40	-0,60	8,00	8,00	7,00
Common Equity Tier 1 Ratio (CET1)[2]	15,10	+0,00	15,10	15,30	13,60
Tier 1 Ratio (CET1 + AT1)[2]	15,10	-0,10	15,20	15,30	13,70
Total Capital Ratio (CET1 + AT1 + T2)[2]	15,70	-0,10	15,80	-	-
CET1 Minimum Capital Requirements[1]	9,01	+0,00	9,00	8,99	9,03
Net Stable Funding Ratio (NSFR)[1]	-	-	-	-	n/a
Liquidity Coverage Ratio (LCR)[1]	158,50	-1,60	160,10	177,60	174,30

Change in %- Points
1 Pillar 3 EU KM1
2 Regulatory Capital Ratios: Pillar 3 EU KM1

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.2)
- Rating of bank capital and unsecured debt instruments (v2.1)
- Institutional Protection Scheme Banks (v1.0)
- Environmental, Social and Governance Score for Banks (v1.0)

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 07 December 2023, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to DZ Bank AG and its subsidiaries, and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

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To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report or in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

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